



Agreement for Services between the Regents of the University of Colorado and the City of Boulder

Feb. 7, 2017

Key Points

- CU agrees to take power from the city's electric utility
- City agrees to meet certain rate and reliability standards, providing certainty to the university
- Formalizes an innovation partnership between the city and the university
- CU agrees to take no position on the city's transfer of assets case



University of Colorado
Boulder

What is unique about CU Boulder?

- Created by Article VIII, Section 6 of the Colorado Constitution
- Served through a unique combination of dedicated and shared electric facilities; owns campus distribution system
- Operates its own co-generation facilities that could be primary or back-up energy source for the larger community
- Responsible for:
 - Housing and feeding more than 7,000 students
 - Employing 10,000 faculty and staff
 - Providing community-wide cultural, sports, arts and science opportunities
 - Fulfilling its core mission as a top-quality educational and research institution
- The agreement gives the city access to CU Boulder's impressive and unique innovation and research capabilities
- CU will take the lead in forming an energy innovation alliance that will seek grants and other sources of funding

Why now?

- Creates a long-term partnership that is beneficial to both parties today
- Removes uncertainty for both parties
 - Legal
 - Rates and reliability
- PUC application timeline



Is this a common industry practice?

- Municipal utilities have agreements with universities and large customers
- Rate predictability and budget stability
- Reliability
- Mutual aid
- Innovation and partnership
- Economic Vitality: Business retention and attraction

Sample criteria for special contracts

The Customer (or potential Customer) has been identified as a Customer that offers significant risk or opportunity to Utilities in terms of potential loss or gain to the system, because:

- 1) the Customer may decline or may discontinue (or partially may discontinue) taking service from Utilities, or
- 2) the Customer may provide its own services, or
- 3) the Customer may seek other alternatives to the service provided by Utilities, or
- 4) the Customer may increase use of the system to the benefit of Utilities and the remaining Utilities' Customers.
- 5) The approval and subsequent execution of the special contract will not adversely affect the remaining Utilities' Customers.

Criteria for other agreements

- Size
- Community contribution
- Risks and benefits to the city
- **Plan to work with council to set criteria**



Financial Risk

Risk	Total Impact	Mitigation	Cost per KWh
6% rate differential	\$600,000	Budget Management, Reserves	0.00051
10% rate differential	\$1M	Budget Management, Reserves	0.00085
Catastrophic system destruction (100% overhead distribution systems)	\$27M	Reserves, debt-funded over 30 years, and potential FEMA reimbursement	0.0012
Gas price escalation (\$10 per mBTU)	-	Higher percentage of fixed-price renewables in portfolio	-

Overall Controls

- **Boulder Light and Power Charter**

- *Article XIII: Light and Power Utility Section 178, (c) (4)* **Ratepayer Equity:**

The utility will direct its efforts to promote ratepayer equity in all aspects of its operations. **Rates charged by the utility will be designed to create a fair and equitable distribution among all users of the costs, replacement, maintenance, expansion, operations of facilities, energy, and energy conservation programs for the safe and efficient delivery of electric power to city residents and other customers.** The utility will consider the effects of its programs, policies, and rates in the development of programs for low-income customers.

- *Article XIII: Light and Power Utility Section 178, (d) (3)* **Utility Service Standards:**

The utility will consider electricity rates of surrounding and similarly situated communities and use best efforts to set competitive utility rates.



- **Management decisions**

- **Council oversight**